

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 37

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte THOMAS G. WOOLSTON

Appeal No. 2004-1471
Application 09/166,779

HEARD: NOVEMBER 16, 2004

Before JERRY SMITH, BARRETT and LEVY, Administrative Patent Judges.

JERRY SMITH, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on the appeal under 35 U.S.C. § 134 from the examiner's final rejection of claims 11, 12, 14-20 and 81-140 which constituted all the claims pending in the application. An amendment after final rejection was filed on July 22, 2002 and was entered by the examiner. This amendment cancelled claims 130-140. Therefore, this appeal is directed to the rejection of claims 11, 12, 14-20 and 81-129.

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The disclosed invention pertains to computer-implemented methods and systems for facilitating an electronic commerce (e-commerce) transaction over a computer network such as the Internet between a seller and at least one buyer.

Representative claim 11 is reproduced as follows:

11. A method for using a computer to facilitate a transaction between a seller and at least one buyer, comprising:

receiving at the computer a binding offer to sell an item which includes a binding sale price;

outputting the binding offer to sell to a plurality of potential buyers; and

receiving acceptance of said binding offer to sell said item from at least one buyer, said buyer tendering acceptance by providing payment information.

The examiner relies on the following references:

Nahan et al. (Nahan)	5,664,111	Sep. 02, 1997 (filed Feb. 16, 1994)
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Lawrence	5,915,209	June 22, 1999 (effectively filed Nov. 21, 1994)
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Ginter et al. (Ginter)	6,185,683	Feb. 06, 2001 (effectively filed Feb. 13, 1995)
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Martin, Stephen J. et al. (Martin), Sold! The Professional Guide To Real Estate Auctions, Real Estate Publishing Company, 1991, pages 247-248.

Business & Entertainment Editors, "Save the Earth FNDTN: Internet Online Rock And Roll Art Auction Celebrating Earth Day Is Declared Open To The World For One Month,"
<http://www.commerce.com/saveearth>, April 24, 1995 (Save the Earth).

The following rejections are on appeal before us:

1. Claims 81, 82, 88-91, 101, 119-122, 124 and 127-129 stand rejected under 35 U.S.C. § 102(e) as being anticipated by the disclosure of Ginter.

2. Claims 11, 12, 14, 16, 17, 19 and 20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Nahan in view of Save the Earth.

3. Claims 15 and 18 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Nahan in view of Save the Earth and further in view of Official Notice.

4. Claims 83, 93-100, 108-110, 116-118, 123, 125 and 126 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Ginter.

5. Claims 84-87, 92, and 111-115 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Ginter in view of Martin.

6. Claims 102-107 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Ginter in view of Lawrence.

Rather than repeat the arguments of appellant or the examiner, we make reference to the briefs and the answer for the respective details thereof.

OPINION

We have carefully considered the subject matter on appeal, the rejections advanced by the examiner and the evidence of anticipation and obviousness relied upon by the examiner as support for the rejections. We have, likewise, reviewed and taken into consideration, in reaching our decision, the appellant's arguments set forth in the briefs along with the examiner's rationale in support of the rejections and arguments in rebuttal set forth in the examiner's answer.

It is our view, after consideration of the record before us, that the evidence relied upon supports each of the examiner's rejections. Accordingly, we affirm.

Even though the examiner has applied six different rejections of the claims on appeal, appellant has, nevertheless, indicated that the claims should stand or fall together in only three groups. Specifically, appellant has indicated that claims 11-20, 81-93, 101-115 and 117 stand or fall together as a first group, claims 94-100, 116 and 118 stand or fall together as a second group, and claims 119-129 stand or fall together as a third group [brief, page 6]. Since appellant has not argued each of the rejections independently, we will consider the rejections against claims 11, 118 and 119 as representative of all the

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claims on appeal. Note In re King, 801 F.2d 1324, 1325, 231 USPQ 136, 137 (Fed. Cir. 1986); In re Sernaker, 702 F.2d 989, 991, 217 USPQ 1, 3 (Fed. Cir. 1983).

We consider first the rejection of claim 11 under 35 U.S.C. § 103(a) as being unpatentable over the teachings of Nahan in view of Save the Earth. In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the examiner is expected to make the factual determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), and to provide a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art or to combine prior art references to arrive at the claimed invention. Such reason must stem from some teaching, suggestion or implication in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir.), cert. denied, 488 U.S. 825 (1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985), cert. denied, 475 U.S. 1017 (1986); ACS Hosp. Sys., Inc. v. Montefiore

Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984). These showings by the examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole and the relative persuasiveness of the arguments. See Id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976). Only those arguments actually made by appellant have been considered in this decision. Arguments which appellant could have made but chose not to make in the brief have not been considered and are deemed to be waived by appellant [see 37 CFR § 41.37(c)(1)(vii)(2004)].

The examiner has indicated how he finds the invention of claim 11 to be obvious over the teachings of Nahan and Save the Earth [final rejection mailed June 19, 2001, pages 5-7, incorporated into answer at page 3]. Appellant argues that Ginter does not anticipate the Group I claims [brief, pages 7-9], but Ginter is not applied against representative claim 11.

Appellant also argues that Nahan fails to disclose several features of claim 11. Specifically, appellant argues that the listings in Nahan's system are not binding offers to sell but, instead, are mere invitations to deal. Appellant asserts that a "buy order" in Nahan is merely a non-binding offer to purchase a work and is not an acceptance of a binding offer to sell as recited in the claims. Finally, appellant argues that Nahan fails to disclose a buyer's accepting a binding offer for sale by tendering payment information as claimed. Appellant argues that Save the Earth does not overcome the deficiencies in Nahan because Save the Earth says nothing about binding offers or tendering acceptance by providing payment information. Appellant asserts that the claimed invention provides a finality to the transaction which is not achieved in the applied prior art [brief, pages 11-17].

The examiner responds that appellant's arguments directed to the binding aspect of the claimed invention fail to distinguish over the offers made in the applied prior art. The examiner asserts that the offers in Nahan are just as binding as those disclosed by appellant [answer, pages 7-8].

Appellant responds by arguing that Ginter does not teach the invention of the Group I claims [reply brief, pages 1-2], but as noted above, the rejection of representative claim 11 from Group I does not rely on Ginter.

We will sustain the examiner's rejection of representative claim 11. We do not agree with appellant's argument that the system taught by Nahan represents an invitation to deal as opposed to a binding offer to sell. Nahan discloses that if a customer decides to make the purchase, then a series of electronic communications are initiated between the host computer and the buying and listing dealers to effect, and ultimately consummate, the transaction [column 3, line 63 to column 4, line 6]. Nahan also discloses that the system requests that the buying dealer wire transfer funds to pay for the purchased work [column 13, lines 62-64]. The fact that a purchased article in Nahan may be unavailable, which would void the purchase, does not preclude the applicability of Nahan. The question of whether an offer is a binding offer is a matter of contract law. In general, any offer is a binding offer in the sense that if the terms of the offer are accepted, a binding contract is established. These general rules, however, can be modified by the terms of the agreement or by the system in which the

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agreement operates such as the system of Nahan. Although Nahan appears to permit the seller to ignore the buyer's offer and cancel the sale, it appears to us that the seller must sell the article at the listed price if the seller still wants to sell the article. In other words, it appears that the buyer in Nahan might have a legal cause of action if the seller cancelled the transaction for the sole purpose of attempting to get a higher price. The artisan having the Nahan teachings before him would assume that if a buyer meets the listed sale price of an article in Nahan, then the seller is obligated to consummate the transaction unless there is a valid basis for cancelling the transaction such as the unavailability of the article. Thus, Nahan clearly teaches a computer network for receiving offers to sell items, outputting these items to a plurality of buyers, and receiving acceptances of these offers to sell from a buyer including the payment information. We find that at least some of the offers in Nahan are binding in the sense that the failure to sell the purchased article could result in legal repercussions. At any rate, the artisan would have been motivated to apply general binding contract principles to the transactions taught by Nahan. As noted above, since general contract law presumes that offers to sale are binding, it would have been obvious to the

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artisan to apply the principles taught by Nahan to binding offers to sale.

We now consider the rejection of claim 119 under 35 U.S.C. § 102(e) as being anticipated by the disclosure of Ginter. Anticipation is established only when a single prior art reference discloses, expressly or under the principles of inherency, each and every element of a claimed invention as well as disclosing structure which is capable of performing the recited functional limitations. RCA Corp. v. Applied Digital Data Systems, Inc., 730 F.2d 1440, 1444, 221 USPQ 385, 388 (Fed. Cir.); cert. dismissed, 468 U.S. 1228 (1984); W.L. Gore and Associates, Inc. v. Garlock, Inc., 721 F.2d 1540, 1554, 220 USPQ 303, 313 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

The examiner has indicated how he finds the invention of claim 119 to be fully met by Ginter [final rejection mailed June 19, 2001, pages 2-3, incorporated into answer at page 3]. Appellant argues that Ginter does not anticipate the claimed invention because Ginter states that its system comes into play after a contract already has been formed, whereas the claimed invention relates to steps which occur before a contract is formed. Appellant also argues that Ginter makes no mention that a counter offer is binding or that it includes payment

information of the counteroffer price as claimed [brief, pages 7-11].

The examiner responds that Ginter discloses the formation of a binding contract in the same manner as disclosed by appellant. The examiner notes that Ginter clearly teaches negotiation which inherently has offer/counteroffer exchanges [answer, pages 5-6].

Appellant responds that Ginter fails to disclose or suggest using a computer system to receive a binding counteroffer that includes payment information sufficient to authorize payment of the counteroffer price [reply brief, pages 3-4].

We will sustain the examiner's rejection of representative claim 119. At the outset we note that Ginter clearly relates to contract execution functions such as sending an offer to a single or multiple recipients and sending an acceptance [column 46, lines 57-59]. Therefore, appellant's argument that Ginter only relates to post contract functions is not persuasive. Ginter also relates to electronic negotiation functions and payment handling [column 47, lines 18-21]. One example of the Ginter system in operation is the purchase of an automobile. Ginter discloses that his system permits negotiation between a car dealership and a buyer. Ginter discloses that the

negotiation can include counteroffers from the buyer as well as counteroffers from the seller. Ginter also discloses that the system includes providing the buyer's down payment to the dealership [column 51, lines 1-34]. Thus, Ginter clearly teaches a computer system in which a seller makes offers to one or more buyers and additional counteroffers are possible. Ginter also teaches that an offer can include payment information.

As noted above, the question of what constitutes a binding offer to sell an item and a binding counteroffer is a matter of contract law. As also noted above, in general, an offer to sell an item at a given price is binding if all the terms of that offer are accepted. A counteroffer is also binding if all the terms of the counteroffer are accepted. Therefore, we find that the negotiations disclosed in Ginter represent binding offers to buy and sell to the extent that any offer or counteroffer would become binding as soon as it is accepted. Since Ginter also discloses the transfer of funds from the buyer to the seller, we find that Ginter meets the recitation in claim 119 that a counteroffer from the buyer includes payment information of the counteroffer price.

We now consider the rejection of claim 118 under 35 U.S.C. § 103(a) as being unpatentable over Ginter taken alone. The examiner has indicated how he finds the invention of claim 118 to be obvious over the teachings of Ginter [final rejection mailed June 19, 2001, pages 10-11, incorporated into answer at page 3]. In addition to arguments that have already been considered above, appellant argues that claim 118 is patentable because of the recitation of allowing the buyer to post the item for resale or auction without taking delivery of the item. Appellant argues that the rejection is improper because it does not cite a reference, it reconstructs the claimed invention using appellant's claims as a blueprint, and the motivation is taken directly from appellant's disclosure. Appellant asserts that the examiner's finding of obviousness is simply conclusory [brief, pages 18-21].

The examiner responds that the concept of resale without taking delivery was well known in the art such as in the field of gold exchange. The examiner notes that because gold is so heavy, title to gold passes without actual delivery. The examiner insists that one of ordinary skill in the art of online commerce would have recognized this. The examiner notes that the cited motivations for modifying Ginter have gone unrebutted by

appellant. The examiner asserts that he has provided logical and rationale reasons for the modification of Ginter [answer, pages 8-12].

Appellant responds that the examiner concocted not only the alleged prior art teaching of the relevant feature but also the motivation for combining the made-up teaching with the art of record [reply brief, page 3].

We will sustain the examiner's rejection of representative claim 118. For reasons that have been discussed above, we find that Ginter clearly teaches the first two steps of claim 118. The question, therefore, is whether it would have been obvious to the artisan to permit the buyer to post the purchased item for resale or auction without taking delivery of the item. The examiner came up with an example of an item (gold) that is known to be bought and sold without taking delivery of the item. We assume that there are lots of items such as commodities which are bought and sold through commodity exchanges without taking delivery of the commodities. Appellant has not questioned the truth of the examiner's findings, but instead, simply argues that the findings are not specifically supported by the art of record. Although a rejection must have evidentiary support in the record, there is no requirement that the

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evidentiary support must be in the form of a cited prior art reference. On this record we have a reference to a well known prior art form of transaction which finding, per se, has not been challenged by appellant. Since appellant has not challenged the accuracy of the finding, we accept that the finding is correct. Given that this finding is correct, we agree with the examiner that the artisan would have found it obvious to use the system of Ginter to buy and sell items which can be posted for resale or auction without taking delivery as is done in the commodity markets.

In summary, we have sustained the examiner's rejection of representative claims 11, 118 and 119. Since these are the only claims argued by appellant, we sustain the examiner's rejections of all claims on appeal because appellant has failed to rebut the rejection with respect to any of the other claims on appeal. Therefore, the decision of the examiner rejecting claims 11, 12, 14-20 and 81-129 is affirmed.

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a).

AFFIRMED

Jerry Smith
JERRY SMITH

JERRY SMITH
Administrative Patent Judge

Lee E. Barnett

LEE E. BARRETT
Administrative Patent Judge

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APPEALS AND
INTERFERENCES

STUART S. LEVY

STUART S. LEVY
Administrative Patent Judge

JS/ki

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Fish & Richardson, PC
12390 El Camino Real
San Diego, CA 92130-2081